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House probers to check SEC's Rewald case role

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Congressional investigators will come to Hawaii to review the Securities and Exchange Commission's monitoring of Bishop, Baldwin, Rewald, Dillingham & Wong, counsel for a House subcommittee said yesterday.

Michael Barrett, chief counsel for the House Energy and Commerce's Committee's subcommittee on oversight, said investigators are reviewing the SEC's 1981 visit to the firm's offices in Honolulu in a spot-check of Hawaii investment counselors.

Barrett said an SEC worker asked to see the company's books then, but accepted Ronald Rewald's statement that the books were with an auditor in California.

The SEC investigator looked at some of the firm's literature, then left, and didn't follow up by checking the books with the California auditor, Barrett said.

Later, in April 1982 the SEC investigator filed a form report indicating no problems with the firm, he said.

Barrett said the facts indicated a weakness in SEC monitoring of such companies.

Barrett said there are also unconfirmed rumors that the CIA may have intervened to sidetrack an SEC investigation of the company in 1982.

The CIA used the firm to provide backstop cover for some personnel, but denies Rewald's allegation that it created or ran Bishop Baldwin.

It is already known that the CIA persuaded the Internal Revenue Service in early 1983 to halt its investigation of the company briefly until the CIA could review the extent of its involvement in the firm. Barrett said there was some indication that some of the CIA people involved with Bishop Baldwin had by November 1982 tried to put some distance between themselves and Rewald because "they were beginning to worry about the public exposure. He (Rewald) was being too flamboyant and they were nervous."

But, Barrett said, the CIA says it didn't know in November 1982 that there was anything illegal going on at Rewald's firm.